# J-REIT Monthly July 2017



# Sumitomo Mitsui Asset Management

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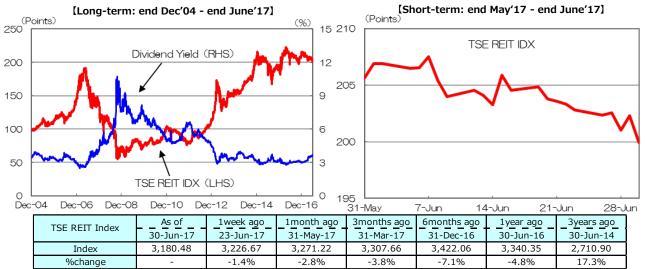
### 1. J-REIT Market Monthly Review (for June 2017)

In June 2017, the TSE REIT Index (with dividends) dropped 2.8% MOM due to rise in long term yields and also, supply and demand. The J-REIT market declined because of (i) decrease in attractiveness of J-REIT yields as long term interest rates rose in the end of June despite BOJ's unchanged monetary policy and (ii) adjustment of supply and demand, since investment trusts in the Japan market turned to net selling from net buying trend in last fiscal year. By sector, commercial logistics sector outperformed and other sectors underperformed.

May office vacancy rate in Tokyo five central wards slightly increased to 3.41%. However, rent is continuously rising and robust business environment remains unchanged.

In June, BOJ bought JPY9.6 bn worth of J-REITs, by eight time purchases in the latter half of the month.

### TSE REIT Index (with dividends)



TSE REIT Index (w/ dividends) of the last trading day of a month. 12/31/'04 = 100

(2) %chg: changes for each period SMAM, based on DataStream.

### 3. Top 10 REIT Constituents in J-REIT

(# of TSE REIT Index Components:58)						
	REIT	CODE	Weight (%)			
1	NIPPON BUILDING FUND	J8951	7.3			
2	JAPAN REAL ESTATE INV.	J8952	7.0			
3	NOMURA RLST.MASTER FUND	J3462	5.8			
4	JAPAN RET.FD.INV.	J8953	5.3			
5	UNITED URB.INV.	J8960	4.7			
6	ORIX JREIT	J8954	4.2			
7	NIPPON PROLOGIS REIT	J3283	3.7			
8	DAIWA HOUSE REIT INV.	J8984	3.6			
9	ADVANCE RESIDENCE INV.	J3269	3.4			
10	JAPAN PRIME REALTY INV.	J8955	3.2			
	Others		51.7			
	Total		100.0			
Sour	ce: SMAM, based on DataStream.	(As of the end of June 2017)				

### 4. Tokyo Office Rents and Vacancy Rates



- Tokyo 5 wards: Chiyoda-ku, Chuo-ku, Minato-ku, Shinjuku-ku, and Shibuya-ku.
- (3) Tsubo is a Japanese traditional unit of measuring area. One tsubo represents approx. 10.76 square feet or 3.3 square mete

Source: SMAM, based on FactSet data.

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#### For your information only

# **Global REIT Monthly**

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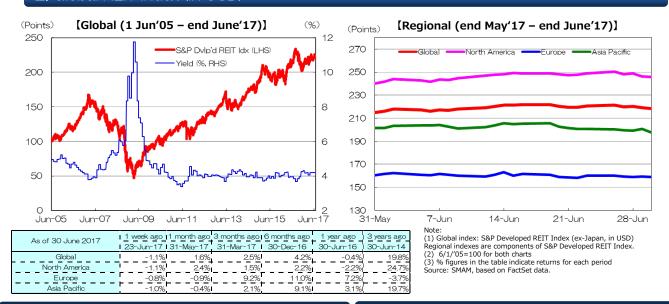
### 1. Global REIT Market Monthly Review (for June 2017)

The S&P Developed REIT Index (ex-Japan, with dividends, USD base) gained 1.6% in June. On a local currency basis, the REIT return rose 1.1% and the Forex return improved 0.5%.

The US REIT market climbed, as the US stock market moved on a firm tone underpinned by the robust US economy. However, the market reduced its upward growth after it turned to a soft tone following the rise in US long term yield in the end of the month. The European REIT markets declined on the back of increase in European long term interest rates led by the ECB Chair Draghi's comment suggesting gradual unwinding of quantitative monetary easing. The UK REIT market declined owing to (i) the ruling conservative party's loss in seat majority in the election of House of Commons, (ii) uncertainty over the Brexit negotiation with the EU and (iii) rise in UK long term interest rates.

Regarding the Forex factor, USD, EUR, GBP and AUD advanced against JPY.

### 2. Global REIT Index (in USD)

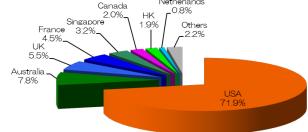


### Return Contribution by Factors (June'17)

### Global % Weight by Markets (June'17) Netherlands



Note: Total-return breakdown of S&P Developed REIT Index (in USD) by forex and market factors, by countries.
Source: SMAM, based on FactSet data.



	USA	Australia	UK	France	Total
% weight	71.9%	7.8%	5.5%	4.5%	100%
Monthly Return	2.3%	-1.6%	-1.4%	-1.2%	1.6%
Contribution	1.7%	-0.1%	-0.1%	-0.1%	

Note: (1) S&P Developed REIT Index breakdown by country (ex-Japan, in USD). (2) Contribution is calculated by multiplying each country's % weight by Monthly Return Source: SMAM, based on FactSet data.

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